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Held at Headquarters, New York, on Wednesday, 29 November 2000, at 10 a.m.

Chairman: Mr. Niculescu ..... (Romania)

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00-77043 (E)

The meeting was called to order at 10.20 a.m.

Agenda item 92: Macroeconomic policy questions (*continued*) (A/C.2/55/L.2 and A/C.2/55/L.41)

(e) Financing of development, including net transfer of resources between developing and developed countries (*continued*)

Draft resolutions entitled "Towards a strengthened and stable international financial architecture responsive to the priorities of growth and development, especially in developing countries, and to the promotion of economic and social equity" (A/C.2/55/L.2 and A/C.2/55/L.41)

1. **Mr. Escanero** (Mexico), Vice-Chairman, introduced draft resolution A/C.2/55/L.41, established by consensus on the basis of informal consultations held on draft resolution A/C.2/55/L.2. He drew attention to two amendments: first, the deletion in the ninth line of paragraph 19 of the phrase "and landlocked and transit developing countries". Paragraph 19, beginning in the eighth line, should therefore read: "including those in Africa and small island developing countries". Second, in paragraph 27, "transmit the present resolution" should be replaced by "submit the present resolution".

2. The Chairman informed the Committee that draft resolution A/C.2/55/L.41 had no programme budget implications.

3. *Draft resolution A/C.2/55/L.41 was adopted.*

4. *Draft resolution A/C.2/55/L.2 was withdrawn.*

5. **Mr. Gálvez** (Chile) said that, for three years, his country had attached great importance to the resolution and that the Group of 77 and Mexico had requested him to coordinate the group responsible for its first draft. The question would continue to be relevant, since it approached the international financial system from a development perspective.

6. **Mr. Kittikhoun** (Lao People's Democratic Republic), speaking on behalf of the landlocked developing countries, said that they had taken the difficult decision to delete "landlocked developing countries" from paragraph 19; the question had not been discussed for lack of time. The landlocked developing countries hoped that the international community would grant them special treatment, since their export earnings were affected by shipping and insurance costs much more than those of other developing countries.

7. **The Chairman** said that the Committee had concluded its consideration of agenda item 92 (e).

Agenda item 95: Environment and sustainable development (*continued*) (A/C.2/55/L.20 and A/C.2/55/L.44)

(b) Convention on Biological Diversity (*continued*)

Draft resolutions on the Convention on Biological Diversity (A/C.2/55/L.20 and A/C.2/55/L.44)

8. **Mr. Hanif** (Pakistan), introduced draft resolution A/C.2/55/L.44, established by consensus on the basis of informal consultations held on draft resolution A/C.2/55/L.20, and recommended its adoption.

9. *Draft resolution A/C.2/55/L.44 was adopted and draft resolution A/C.2./55/L.20 was withdrawn.*

10. **The Chairman** said that the Committee had concluded its consideration of agenda item 95 (b).

Agenda item 97: Training and research (*continued*) (A/C.2/55/L.25/Rev.1)

Draft resolution on the United Nations Staff College in Turin, Italy (A/C.2/55/L.25/Rev.1)

11. **Mr. LeGargasson** (France), speaking on behalf of the European Union, said that five countries wished to join the sponsors of the draft resolution: Gabon, Haiti, India, the Marshall Islands and Micronesia (Federated States of).

12. *Draft resolution A/C.2/55/L.25/Rev.1 was adopted.*

Agenda item 101: High-level international intergovernmental consideration of financing for development (A/55/74, A/55/139, A/55/315, A/55/375, A/55/459 and A/C.2/55/6)

13. **Mr. de Rojas** (Executive Coordinator, Financing for Development Coordinating Secretariat), referring to document A/55/315, said that the secretariat had continued its work in spite of budgetary problems and had received assistance from relevant institutions, including the World Bank, the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD) and

the International Monetary Fund (IMF). The report of the Secretary-General would be completed and made available to the Preparatory Committee in early 2001. The Coordinating Secretariat had encouraged all stakeholders, both institutions and others, to communicate views and ideas that could be incorporated into the report of the Secretary-General; in particular, it had endeavoured to involve the three major institutional stakeholders, the World Bank, IMF and the World Trade Organization (WTO), which played an obvious role in financing for development. The five regional commissions had held consultations; four meetings had already been held and the last, that of the Economic Commission for Europe (ECE), was imminent. The Preparatory Committee had also held public hearings with civil society and would soon hold hearings with the business community; the results would be published in an official reference document for the use of delegations. In order to maintain contact with the public and to seek public opinion, the secretariat had established a web site and a trust fund to which Governments were invited to contribute generously.

14. **Mr. Singhara na Ayudhaya** (Thailand), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that he was pleased at the importance that heads of State had attached to financing for development in the Millennium Declaration. The ASEAN countries reiterated their proposal that the final event should be an international conference, at the highest possible level, preferably in a developing country, to address national, international and systemic issues relating to financing for development in a holistic manner. They strongly believed that that process could contribute greatly to mobilizing the resources necessary to finance sustainable development and harmonizing the practices and policies of all actors concerned so that a unified direction for development could be set in the era of globalization. The unprecedented involvement of all stakeholders — international, financial and trade organizations, United Nations development agencies, the private sector and non-governmental organizations (NGOs) — in the financing for development process would support United Nations efforts in those areas. Moreover, some major stakeholders had not waited for the Preparatory Committee's decisions and were already providing input to the preparatory process.

15. Since the event had been postponed to early 2002, slightly more than a year remained in which to continue the substantive work, find a host country and establish the format and substance of the event; his delegation had various comments to make on those matters. First, the event should not be viewed as a one-time, final event, but rather as the beginning of a cooperative process aimed at enhancing the capacity and growth opportunities for developing countries. Second, in order to ensure successful results, agreement should be reached on whether the desired outcome of the event should be a declaration, a programme of action or the establishment of a working forum. Third, the process involved not only "financing", but also "development", and those two concepts must be viewed simultaneously. Thus, certain types of financing were more appropriate to certain types or levels of development and certain types of development required certain types of financing. In short, the process involved both financing for development and the development of financing. It was also necessary to take into account the special needs of the least developed countries, small island developing States and landlocked developing countries, which faced special difficulties in attracting financing for development and in developing market access for their agricultural products. Lastly, various international institutions that had played an indispensable role in financing for development, particularly IMF, WTO and the World Bank, must participate in the process at all levels. In addition, the business sector and civil society should not only speak in public forums but should also participate in the preparatory process and the final event in whatever way the Preparatory Committee saw fit.

16. In an era of globalization, trade, finance and development had a direct impact on people's lives; financing for development was therefore not a technical issue limited to experts and technocrats and it should be viewed in the broader context of development. The so-called "financing for development" process had been launched with great difficulty. The idea had been discussed in United Nations circles for over 10 years but had not materialized until the effects of the Asian financial crisis reached the rest of the world, giving the international community a wake-up call and making it pay attention to the consequences of globalization and the resulting interdependent relations in the world economy. United Nations Member States and their

partners should therefore do their utmost to work together to eradicate poverty and promote the cause of development.

17. **Mr. Kolby** (Norway) said that Norway attached great importance to the preparatory process and to the meeting on the question of financing for development. Against the background of globalization, and bearing in mind the international community's renewed willingness, demonstrated at the Millennium Summit, to discuss a new development architecture and to make a strong commitment to development targets, the time had come for a common effort to address the needs and possibilities for financing for development from all relevant sources, and through all relevant means.

18. In his report (A/55/315), the Secretary-General gave a reassuring picture of the preparations made by the Secretariat, which were crucial in securing a successful outcome. The five working groups formed by the Secretariat to prepare the documentation for the meeting consisted of experts with high qualifications from a broad area of expertise. The secretariats of the relevant institutions — the World Bank, IMF and WTO — were closely associated with the work, and the World Bank, UNCTAD and UNDP had seen fit to designate senior officials to work closely with the coordinating secretariat. His delegation hoped that the inputs for the Secretariat's report would be sufficiently broad to ensure a document at a high conceptual, factual and analytical level which, like the report to the Millennium Summit, would not only sustain the debate but also have an impact in its own right.

19. The success of the process did not depend solely on the quality of the documentation, however; important stakeholders must also be engaged. The debate on financing for development could no longer be shrouded in secrecy; the interest and participation of all the relevant stakeholders must be ensured. The efforts outlined by the Secretary-General in his report must be complemented by efforts at the national level. In Norway, non-governmental organizations were paying growing attention to financing for development. One of them had already participated in the hearings with civil society and, for the hearings with the business community, his delegation would be advised by leading experts on ways in which investments in developing countries could be boosted, taking into account the needs of development and the perspectives of investors. The regional hearings would engage other stakeholders, including the regional development banks, which were the foremost experts on the development problems of their regions and were best able to follow up the event and implement its recommendations.

20. In order to focus the preparatory process, the international community must keep firmly in mind the goals it had set. As his delegation had already indicated in the context of agenda item 92 (e) entitled "Macroeconomic policy questions: financing of development, including net transfer of resources between developing and developed countries", his Government believed that unless the volume of financial flows to the developing countries was increased, it would not be possible to attain the goals of reducing poverty and improving nutrition and health. Norway was one of the few countries which was devoting more than 0.7 per cent of its gross domestic product to official development assistance, and it was planning to further increase that percentage. At the meeting, the international community must focus on the need to make substantial efforts to reach the targets. However, official development assistance alone could not solve all the problems. Private investment, from domestic and foreign sources, was indispensable; it was therefore necessary to build partnerships between the private and public sectors in order to boost growth in developing countries and to study the conditions which made countries attractive to investment. That should be the second goal of the event, and the third goal should be to improve coordination between the various processes under way in the United Nations and related processes such as the follow-up process for the United Nations Conference on Environment and Development and the third United Nations Conference on the Least Developed Countries which, along with the meeting on financing for development, were important milestones for defining the directions to be followed. In the preparatory process, Norway would be guided by that perspective.

21. **Mr. Bhattacharjee** (Bangladesh) said that, although financing for development was a relatively new subject, it was already on the priority list of all the States Members of the United Nations. That was particularly true since the recently held Millennium Summit, at which political leaders of the world had stressed the challenge of globalization for the near future, in view of the close relationship between financing for development and globalization. In that connection, his delegation welcomed the establishment

of the web site on financing for development which would enable Member States to access up-to-date information of great value.

22. Bangladesh, like all other developing nations, had time and again drawn attention to the serious imbalance in international trade between the developing and developed countries, particularly the imposition of quotas and special import duties which were major hindrances. The high-level event should therefore take those aspects into consideration.

23. The Millennium Declaration also addressed the debt problem of the developing countries. In order to eradicate poverty and achieve sustainable development, the issue of external debt would have to be dealt with equally by the poor and rich countries. Bangladesh urged the developed countries to keep an open mind on the question of according debt relief to developing countries so that first their survival would be ensured, and then, through transfers of technology, they would be helped in achieving modern standards of living; otherwise, it would be difficult for them to enjoy the benefits of globalization.

24. In order to achieve all those goals in the minimum length of time for the benefit of future generations, effective cooperation arrangements must involve all stakeholders: the United Nations, the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO). Through its tireless efforts during the past 55 years, the United Nations had earned acceptance as the prime forum for all countries. It had had great success in carrying out development activities in various regions and its experience and effectiveness would doubtless contribute to the success of financing for development. In that regard, he welcomed the regional meetings organized by the regional commissions and the Bureau of the Preparatory Committee and the public hearings held at United Nations Headquarters with the participation of civil society and the business community; however, it was unfortunate that more representatives from developing countries, particularly those who had already earned an international reputation for formulating innovative methods of creating jobs and providing microcredit financing, had not been invited to join the discussions.

25. His delegation was convinced that the success of the financing for development process would help reduce the risk of future financial crises like the one that had recently occurred in Asia. It offered its unequivocal support for preparations for the high-level intergovernmental meeting and looked forward to a positive outcome.

26. **Mr. Doutriaux** (France), speaking on behalf of the European Union, the Central and Eastern European countries associated with the European Union (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) and the associated countries Cyprus and Malta, said that at the Millennium Summit, the heads of State and Government had declared that they were "concerned about the obstacles developing countries face in mobilizing the resources needed to finance their sustained development" and that they would "make every effort to ensure the success of the High-level International and Intergovernmental Event on Financing for Development, to be held in 2001". The European Union therefore attached great importance to that event and intended to participate actively and constructively in the preparations for it.

27. The European Union considered that the event should provide an opportunity to work towards improved mobilization of national and international resources for development, more coherent policies and more effective cooperation with all development stakeholders, including Governments, the United Nations, the Bretton Woods institutions and other international and regional organizations (including development banks), the private sector and civil society to achieve the goals that the international community had set at the major conferences of the 1990s, particularly those relating to sustainable human development and poverty eradication.

28. Preparations for the international high-level event had just entered an important new stage and were therefore on the right track. First, the Preparatory Committee had just concluded the work of its first session, which had culminated in a draft resolution on which the Second Committee would vote. It was now clear that the event would take place not in 2001, as initially planned, but in early 2002. The European Union considered that with a view to effective preparation and, in particular, to the inclusion of high-level participants, the place, form and modalities of the event should be determined at the next session of the Preparatory Committee. The five regional consultations and the public hearings with civil society would provide interesting, useful input to preparations for the

event, and cooperation between the United Nations Secretariat and the secretariats of the World Bank, IMF and WTO would produce substantive documents to be submitted to the Preparatory Committee.

29. The European Union considered that solutions to the problem of financing for development must reflect the diversity of the developing countries; for its part, it would work with all its partners to ensure that priority was given to poverty eradication as the cornerstone of development policy; the needs of all developing countries and, in particular, the least developed countries, including those of Africa; the importance of creating a favourable environment for effective resource mobilization through good governance; the need to improve coordination of policies and stakeholders at both the national and international level as part of a coherent approach to development that took into account all policies, especially in the areas of funding and trade; the importance of developing new partnerships with the private sector and civil society in the area of financing for development; the indispensable role of official development assistance (ODA) as a tool for mobilizing other (national and, in particular, private) resources and the need to further increase its effectiveness; the need to speed up implementation of the Heavily Indebted Poor Countries (HIPC) initiative and expanded initiative; and the principles of the comprehensive development framework and the poverty eradication strategy as effective channels for development assistance.

30. In conclusion, he reiterated the European Union's commitment to financing for development and its readiness to participate in preparations for that important event.

31. **Mr. Franco** (Colombia), speaking on behalf of the Rio Group, said that the Rio Group countries had been involved from the beginning in the preparatory process for the high-level international event on financing for development. The Group had reaffirmed that commitment at the highest political level at Cartagena de Indias in June 2000, when it had stressed the importance of an event that would bring together the international community and the relevant international financial and trade organizations and would provide an opportunity for adoption of the measures necessary to promote reform and strengthen the international financial system. In November 2000, at the Latin American and Caribbean Regional Consultation on Financing for Development, the countries of the region had adopted a document that would constitute their contribution to the international high-level event; his delegation wished to highlight the primary elements of that document.

32. In the Millennium Declaration, the heads of State and Government had voiced their concern at the obstacles developing countries faced in mobilizing the resources needed to finance their sustained development and had undertaken to make every effort to ensure the success of the high-level international event. They had affirmed that the benefits of globalization must be more equitably distributed in order to eliminate poverty and promote economic and social equity. The challenges of globalization must be confronted from a more human perspective; international financing for development played an essential role in the promotion of sustained economic growth and prevention of social instability and exclusion. In the tradition of major United Nations conferences, it was time to face the challenges of development on a global scale from the perspective of financing and to join forces under the leadership of the United Nations and with the participation of the Bretton Woods institutions, WTO, regional institutions and other relevant actors to build a new global consensus for the establishment of a more equitable, participatory, stable, rule-based, non-discriminatory, inclusive and transparent international economic system. To that end, it was essential for developing countries to participate in decision-making and norm-setting in order to establish international institutions and arrangements in which all interests would be represented and to implement effectively the principle of special and differential treatment. In that context, it was particularly important to renew national, regional and international efforts to promote international financial stability and, to that end and while remaining responsive to the challenges of development, to increase early warning, prevention and response capabilities in order to prevent the emergence and spread of long-term crises.

33. The international event should have a broad agenda in order to address national, international and systemic issues in a holistic manner in the context of globalization and interdependence. That agenda should be action-oriented and provide a high-level political platform for economic development cooperation. It was important to address the various issues involved in mobilizing financial resources for development in

order to, inter alia, (a) increase foreign direct investment and other private flows for development, especially for currently marginalized countries; (b) enhance the role of trade in financing for development, guaranteeing the full participation of all developing countries in international trade and access to international markets for their exports; (c) increase international financial cooperation for development through renewed ODA and fulfilment of States' commitment to provide 0.7 per cent of gross domestic product (GDP); and (d) find an enduring solution to the external debt problem. In addition to its participation in the Regional Consultation, his Government had organized a round-table discussion in which academics, Government officials, a regional bank director and representatives of the private sector had participated; the results would be published as a contribution to the future event. The Rio Group reiterated the region's commitment to the financing for development process and would work to achieve successful outcome for the benefit of all the world's peoples.

34. **Mr. Amaziane** (Morocco) said that the holding of regional preparatory meetings and hearings with civil society and the business community; the consultations with stakeholders, particularly the World Bank, IMF and WTO; and the creation of a special extrabudgetary trust fund to finance the participation of developing countries were incontestable proof of the importance attached to preparations for the high-level event on financing for development. For over a decade, the Group of 77 and China had been working with determination and conviction with a view to the international community's convening of a major international conference on financing for development. Its partners among the developed countries had finally agreed to the holding of such an event, whatever form it might take; thus, the developing countries had a right to express their satisfaction since objectivity and a sense of timeliness had overcome the developed States' reluctance and caution in the face of the worsening problems associated with external debt, poverty and financial crises. Had it really been necessary to wait until the Asian crisis occurred, with all its devastating effects, to finally realize that the Group of 77 and China's calls for reform of the international financial system were justified, timely and legitimate, when the 1980s debt crisis had already demonstrated the existence of major flaws in the financial system?

35. The international community was now duty bound to take effective, courageous measures to ensure adequate financing for development in the countries of the South not only by promoting private capital but also by ensuring renewed international public cooperation. The instability and extreme poverty currently prevailing in developing countries were unlikely to promote continued prosperity in the developed countries since migrant flows, cross-border crime, aggressive extremists, environmental damage and the spread of viral diseases could ultimately threaten the peace of the wealthy despite all the precautions taken in implementation of current security policies. Of course, the primary responsibility for creating a political and economic climate conducive to economic growth, social equity and development of the human potential; an environment based on respect for the rule of law; efforts to combat corruption; and economic policies for the optimum use of resources to promote saving and domestic and foreign investment lay with the developing countries.

36. The vast majority of developing countries were already pursuing political and economic liberalization policies, as much from conviction as from the need to make their way in an increasingly competitive and unrestricted world. Nonetheless, the problems inherited from the past and from North-South relations, together with inadequate savings and the inequity of the international commercial and financial systems, severely impeded their endeavours. The international community had a duty to correct the negative tendencies of the existing system and ensure that international investment and private capital were encouraged and channelled towards a greater number of developing countries, rather than being concentrated in the developed countries. Such corrections must, however, allow the developing countries to release enough financial resources to permit massive investment in physical equipment and human development in order to attract foreign investors.

37. The forgiveness of the foreign debt of poor countries and the substantial reduction of that of middle-income developing countries would no doubt help to free the resources needed to boost the growth of the indebted countries. The liberalization of international trade in products and services in which the developing countries had a comparative advantage would help to mitigate the financing crisis.

38. It was regrettable, however, that the international community had decided to open markets only to products that were of little interest to the export trade of developing countries, while at the same time it was using a variety of protectionist measures to erect all kinds of barriers to the competitive products of those same countries. Such protectionism represented a loss of nearly US$ 100 billion to the developing countries, or the equivalent of twice the value of official development assistance (ODA). The international financial system must also be reformed in such a way as to make it responsive to the developing countries' concerns and interests, and, in particular, to remedy the instability of the supply of private capital, exchange rates and international interest rates.

39. It was essential to raise public awareness in developed countries in order to reverse the decline in ODA and raise it to a high enough level to help finance social programmes in the poorest countries. The realization of the objectives of eradicating poverty and protecting the environment could not be left to market forces, because experience had shown that such forces paid little heed to social and environmental demands. Voluntary action was needed at national and international levels, taking into account the real resources of each actor and applying the principle of equity and of joint but differentiated responsibility.

40. **Mr. Ahmad** (Pakistan) said that the agenda for the high-level intergovernmental event on financing for development had already been adopted, and the modalities for the participation of the World Trade Organization (WTO) and the World Bank in the preparatory process finalized. The International Monetary Fund (IMF) was also likely to join the process. The regional meetings held in the Asia-Pacific region, Western Asia, Latin America and Africa had also given further impetus to the preparatory process and would contribute to the substantive discussions. Hearings held with civil society at the beginning of November 2000 had generated interest in the process and it was hoped that forthcoming hearings with the private sector would be equally productive. Nevertheless, despite the endeavours of the members of the Preparatory Committee, it had not been possible to reach agreement on the form or name of the final event. That issue should be settled without further delay. His delegation believed that the event should take the form of a summit on financing for development, in order to ensure that the matter was given as high a profile as had been enjoyed by the other major conferences held in the 1990s. Provided the primacy of the intergovernmental mechanism was preserved, innovative modalities regarding the participation of the other stakeholders would be welcome. A venue for the event must be found, and in order to avoid an endless process, most of the organizational matters should be finalized in the first quarter of 2001. The decision to move the summit to the first quarter of 2002 was prudent: the new time frame was realistic and should allow the goals to be achieved by the deadline.

41. The Preparatory Committee would embark upon substantive discussions of the agenda in February 2001. Its deliberations would be guided by two considerations: first, that the summit was not only about ODA, but was driven by concerns about equity, social justice and prosperity. Second, in view of the interdependence of the global economy, the summit must address all dimensions of the issue of financing for development, and in that regard the United Nations had a comparative advantage. During the first substantive session of the Preparatory Committee, his delegation had suggested that the summit was not an end in itself but the point of departure for the process of development financing, that development remained the central objective of economic activity and that the United Nations, being a universal and democratic forum, could play a catalytic role. Development could not be left to the mercy of the invisible hand of the market; it must be pursued through coordinated policies. His delegation therefore reiterated its proposal for the establishment of a mechanism or forum, under the auspices of the United Nations, to bring all the actors together to conduct a periodic review of the implementation of the outcome of the summit and to address emerging challenges. The establishment of such a mechanism would be a major achievement of the summit on financing for development.

42. **Mr. Sharma** (India) said that the issue of financing for development served as an opportunity to address a broad range of subjects including the financial architecture, enhanced coherence and coordination between the multilateral trading and financial systems, external debt, ODA and innovative sources of funding. The ad hoc working group set up to prepare for the event on financing for development, of which India had been co-Chairman, had undertaken an in-depth evaluation of the issues to be included on the agenda, the characteristics of the preparatory process

and the nature of the event, and had submitted its report to the fifty-fourth session of the General Assembly. The Preparatory Committee, which had been established in 1999, had begun its work and had formulated a comprehensive agenda at its first substantive session. His delegation was disappointed that the event had been postponed to 2002, but hoped that the additional time would ensure that the preparations would be more thorough and result-oriented.

43. The outcome of the regional meetings held as part of the preparatory process was encouraging, and his delegation was confident that the regional inputs would bring an invaluable perspective to the preparatory process and contribute greatly to the positive outcome of the conference. His delegation welcomed the participation of various stakeholders in the development financing process and, in particular, that of the World Bank, IMF and WTO. The broadened participation of developing countries in the decision-making process of the international financial institutions would strengthen international cooperation for development. In view of the desirability of inputs from a wide spectrum, his delegation welcomed the hearing with civil society that had taken place in New York in November 2000 and looked forward to the hearings with the private sector in December 2000. It was important that the additional time available should not provide the pretext for any slackening of activity, but should be used in constructive engagement, in a spirit of partnership and cooperation.

44. **Mr. Rosenthal** (Guatemala) said that his delegation wished to be associated with the statement made by the representative of Colombia on behalf of the States members of the Rio Group. The event on financing for development must be the centrepiece of endeavours to make a significant contribution to the efforts of the community of nations to meet the aims of the Millennium Declaration in the area of development. It offered the opportunity to address a series of development issues and explore ways of dealing with them. The positive outcome of the event would hinge on cooperation with the Bretton Woods institutions. Its success would not be reflected in a political declaration or plan of action, but rather in its impact on the environment in which national, regional and international policies related to development financing and the volatility of short-term capital flows were adopted. If the meeting were to have the desired impact, moreover it should not be one more routine meeting, but a high-profile event, attracting the national actors that took decisions in the area of finance. There was little doubt that circumstances warranted a special conference, rather than a lower-grade meeting. His delegation welcomed the decision taken by the Preparatory Committee to hold the event when circumstances were more propitious, namely, in the first quarter of 2002, thereby allowing for the participation of Member States at a high level of representation.

45. **Ms. Khan-Cummings** (Trinidad and Tobago) said that her delegation was pleased with the progress that had been made towards the holding of the international event on financing for development, which had been agreed upon three years earlier with the adoption of the Agenda for Development. The event should be at the same level as other international conferences hosted by the United Nations. The Preparatory Committee had already begun work on the agenda, and her delegation wished to make some comments on a few of that agenda's elements. With regard to the mobilization of national financial resources for development, the capacity of small States was limited, despite their overall macroeconomic policies aimed at the creation of a competitive environment. Small States had limited access to capital from private markets, and foreign direct investment tended to be channelled towards politically stable countries, which had well developed infrastructures and a skilled labour force. Declines in the flow of assistance, both multilateral and bilateral, posed additional challenges if small States were to meet their development objectives. Small island States were largely dependent on trade for their economic growth, and their range of exports was narrow. Developed countries should provide incentives to their large multinational corporations to establish enterprises that would encourage flows of foreign direct investment to small States. Small States should be accorded special treatment by WTO in trade agreements and with regard to access to the various sources of financing.

46. A large number of developing countries were heavily indebted, and resources which should be channelled to important economic and social sectors such as education and health were allocated to debt servicing. Her country supported the Heavily Indebted Poor Countries Debt Initiative in principle, but it would appear that the Initiative as it was currently being

applied did not guarantee equality of treatment and that there were also problems regarding equity. There was, furthermore, a need to reform the decision-making system in the international financial institutions and to broaden the participation of developing countries in that system. At the Millennium Summit, the Prime Minister of Trinidad and Tobago had called on Member States to produce a clear, action-oriented programme and review the international financial architecture, with a view to producing a framework of internationally agreed codes covering fiscal policy, corporate governance, the prevention of financial crisis and crisis resolution based on partnerships between public and private sectors. The holding of an international conference could make it possible to establish with the countries of the North a programme of action with clearly defined goals and definite proposals for meeting the challenges of the new millennium.

47. **Mr. Kobayashi** (Japan) said that since it had been established, the Preparatory Committee had made considerable progress in the preparations for the event on financing for development, holding dialogues with stakeholders and adopting a provisional agenda. A number of decisions had yet to be taken, however. It was crucial to agree on the name, timing and venue of the event. With regard to the name, his Government would be flexible, but would prefer a name that reflected the free exchange of views between Member States and stakeholders. A definite decision should be taken by the end of the second substantive session of the Preparatory Committee, scheduled for February 2001, in order to allow the Secretariat to make the necessary preparations. If by that time no Member State had offered to host the event, the Preparatory Committee should decide, without further delay, to hold it at United Nations Headquarters.

48. The Preparatory Committee should consider the nature of the outcome of the event and the method of preparation for that outcome, in addition to the form and format to be employed. His delegation believed that the event should include round tables, at which Member States and stakeholders could discuss specific items on the agenda, in order to promote a free exchange of views. There should also be a short intergovernmental session in order to adopt an outcome document. With regard to the nature of that document, his delegation believed that in order to maximize its impact on decision makers, it should take the form of a short political declaration that the ministers would be likely to read. The Millennium Declaration could serve as a model. There should also be a Chairman's summary that would reflect the range of opinions expressed at the event. His country could not, however, support the idea of preparing a long negotiated text such as those adopted at major United Nations conferences and summits.

49. With regard to the preparation of the political declaration, Japan suggested that, once the Preparatory Committee had held serious discussions on the recommendations and ideas contained in the reports to be submitted at its second substantive session, namely, the report of the Secretary-General, the reports of the regional commissions and the reports on the hearings with civil society and the private sector, it could request the two co-chairmen to prepare a draft political declaration in the light of those discussions and submit it to the Preparatory Committee. Every effort must be made to reach consensus on the text in the Preparatory Committee in order to be able to focus on a free exchange of views at the event itself. It was, however, urgent that decisions on pending organizational matters should be taken as soon as possible.

The meeting rose at 12.40 p.m.